



JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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February 12, 2015

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: John Naimo 
Auditor-Controller

SUBJECT: **GANN LETTER**

Per Article XIIIB of the State Constitution, the annual calculation of the appropriations (spending) limits under this Article is to be reviewed as part of the annual financial audit. The County's Appropriations Limits review was performed by our external auditors, Macias Gini & O'Connell LLP. Attached is a copy of their report, commonly referred to as the "GANN Letter," for the year ended June 30, 2014. No exceptions were noted.

If you have any questions, please contact me, or your staff may contact Sandy Yoshima at (213) 974-8326.

JN:RGC:CY:sy

Administration\Correspondence\GANN Transmittal FY 2014

Attachment

c: Sachi A. Hamai, Interim Chief Executive Officer
Patrick Ogawa, Acting Executive Officer, Board of Supervisors
Public Information Office

COUNTY OF LOS ANGELES

Independent Accountant's Report on Applying
Agreed-Upon Procedures for
Appropriations Limit Worksheet

For the Year Ended June 30, 2014



Certified Public Accountants.

COUNTY OF LOS ANGELES
Agreed-Upon Procedures for
Appropriations Limit Worksheet

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Certified Public Accountants.

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Los Angeles, CA 90017
213.408.8700

Sacramento

Walnut Creek

Oakland

Century City

Newport Beach

San Diego

Seattle

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

The Honorable Board of Supervisors of the
County of Los Angeles, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the County of Los Angeles, California (County) for the year ended June 30, 2014, which were agreed to by the County and the County Accounting Standards and Procedures Committee (as presented in the publication entitled *Article XIII-B California Constitution Appropriation Limit Procedures Guidelines for California Counties*), solely to assist the County in meeting requirements of section 1. 5 of Article XIII-B of the California Constitution. The County's management is responsible for the accompanying Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We obtained the completed worksheets setting forth the calculations necessary to establish the County's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and compared the limit and annual adjustment factors that were adopted by resolution of the County Board of Supervisors. We also compared the population and inflation factors included in the aforementioned worksheets to those that were selected by a recorded vote of the County Board of Supervisors.

Finding: No exceptions were noted as a result of the procedure.

- 2) For the accompanying Appropriations Limit Worksheet, we added last year's limit to the annual adjustment amount, and agreed the resulting amount to the 2013/14 appropriations limit.

Finding: No exceptions were noted as a result of the procedure.

- 3) We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in procedure number 1 above.

Finding: No exceptions were noted as a result of the procedure.

- 4) We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the County Board of Supervisors.

Finding: No exceptions were noted as a result of the procedure.

- 5) We compared the net annexation amount representing the reorganization adjustments to the resolution approved by the Board of Supervisors.

Finding: No exceptions were noted as a result of the procedure.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the Board of Supervisors, the County Accounting Standards and Procedures Committee, and management of the County and is not intended to be and should not be used by anyone other than those specified parties.

Macias Gini & O'Connell LLP

Los Angeles, California

February 5, 2015

COUNTY OF LOS ANGELES
Appropriations Limit Worksheet
For the Year Ended June 30, 2014

Countywide

Appropriations limit, fiscal year 2012/13		\$ 15,799,430,961
Net annexation adjustments		<u>(996,171)</u>
Subtotal		15,798,434,790
Adjustment factors:		
Nonresidential AV%	1.101400000	
Population factor	<u>x 1.007500000</u>	
Total adjustment factor	1.109660500	
Annual adjustment in dollars		<u>1,732,464,258</u>
Appropriations limit, fiscal year 2013/14		<u>\$ 17,530,899,048</u>

Special Districts

Appropriations limit, fiscal year 2012/13		\$ 1,634,477,952
Adjustment factors:		
Nonresidential AV%	1.101400000	
Population factor	<u>x 1.006900000</u>	
Total adjustment factor	1.108999660	
Annual adjustment in dollars		<u>178,157,541</u>
Appropriations limit, fiscal year 2013/14		<u>\$ 1,812,635,493</u>

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts

Appropriations limit, fiscal year 2012/13		\$ 2,086,528
Adjustment factors:		
Nonresidential AV%	1.101400000	
Population factor	<u>x 1.007500000</u>	
Total adjustment factor	1.109660500	
Annual adjustment in dollars		<u>228,810</u>
Appropriations limit, fiscal year 2013/14		<u>\$ 2,315,338</u>

See Accompanying Notes to Appropriations Limit Worksheet.

COUNTY OF LOS ANGELES
Notes to Appropriations Limit Worksheet
For the Year Ended June 30, 2014

(1) 2012-13 Appropriations Limit Adjustments

Net countywide annexation adjustments resulted in a decrease of \$996,171 to the previously reported 2012-13 Appropriations Limit. This property tax revenue transfer from the County of Los Angeles (County) is associated with the cities of South Sand Canyon, Copperhill and Norland-Robinson. The transfers related to the cities of South Sand Canyon, Copperhill and Norland-Robinson represent the negotiated exchange of property tax revenue resulting from the proposed annexation of various territories.

(2) Adjustment Factors

The County, as allowed by law, has chosen to use various population factors to compute its adjustment factors for the year ended June 30, 2014. The Countywide population factor uses the change in population within its jurisdiction, combined with the change in population within all counties having borders that are contiguous to the County. The population factor for each of the special districts is based solely on the change in population within the County. The County and each special district governed by the County Board of Supervisors choose to use the percentage change in the assessed value of nonresidential new construction (Nonresidential AV%), provided by the Office of Assessor. Such factors are as follows:

Countywide:

Nonresidential AV%		1.101400000
Population Factor	x	1.007500000
Adjustment Factor		<u><u>1.109660500</u></u>

Special Districts:

Nonresidential AV%		1.101400000
Population Factor	x	1.006900000
Adjustment Factor		<u><u>1.108999660</u></u>

Calabasas and Malibu Lighting Districts and
Malibu Garbage Disposal Districts:

Nonresidential AV%		1.101400000
Population Factor	x	1.007500000
Adjustment Factor		<u><u>1.109660500</u></u>

(3) Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts are County subunits, not independent legal entities. Although their revenue is separately tracked, Malibu and Calabasas Districts would only exceed their Appropriation Limit if the County exceeded its Appropriation Limit.